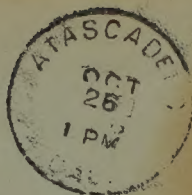


IF NOT DELIVERED IN FIVE DAYS RETURN TO
COLONY HOLDING CORPORATION
ATASCADERO, SAN LUIS OBISPO CO., CAL.



GEO. W. GRANDY

ATASCADERO CAL.

Arcadia





COLONY HOLDING CORPORATION,
ATASCADERO,
CALIF.

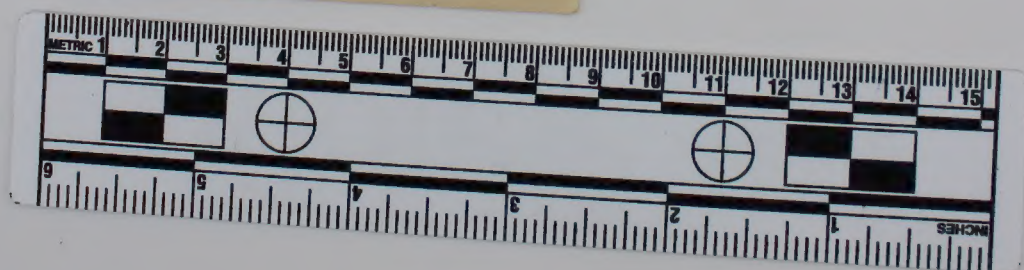


The Dividend - Sharing Certificates of the Colony Holding Corporation

Comparatively few grasp the real significance of the Dividend-Sharing Certificates. These certificates (second class) are given as the bonus for cash payment on land purchase. Those who pay for their lands in sixty equal monthly payments are carried by the Holding Corporation for the five years, and it is the end of the fourth year of their payments before the Holding Corporation receives back the investment in the land and improvements sold to them.

During these four years of payments, the Holding Corporation has in reality financed the buyers since the seventy miles of roads and streets, the water system and all other general improvements are a part of the improvement of their particular tract or lot, as it is these general improvements that make their tract valuable.

Added to the improvements are the particular improvements made on their tracts, such as the clearing, cultivation, planting of the orchards and the care of the orchards after planting, the water system, etc. You can not separate the general improvements and say, because the planting has not been done on some particular tract, that the Holding Corporation has made no other investment than the purchase of the land so far as that tract is concerned. ALL general improvements of every sort whatsoever, are a part of the improvement of that tract.



Even the road to Morro through the mountains is a part of its improvement, since it is for the general use and benefit of every land owner and adds to the value of every foot of the entire estate. Thus, the total payments made by ALL land purchasers to date, do not amount to the total cost of the improvements and necessary work such as the surveys, etc., that has been done to date.

The Certificates Carry No Liability

The land purchaser who, on the other hand, pays in cash either in part or full, transfers himself from the debtor side to the credit side of the project and becomes, in a sense, one of the capitalists who finance the project, since his cash payment covers the cost of his own land and improvements in full, and helps somewhat to carry the other purchasers who require the sixty months time on their payments.

To those who pay in cash, is therefore given a participating interest in the profit of the Holding Corporation in exact proportion to the amount of their cash payment, one second class Dividend-Sharing Certificate of the Holding Corporation being given for each \$300 of the cash payment on land.

These Dividend-Sharing Certificates represent a one-fourth share of all profits earned by the Holding Corporation for its full life of fifty years. They are not stock-holdings and hence, carry no liability whatever, neither do they carry any of the rights of a stockholder. You can not have the rights of a stockholder without also accepting the liability of a stockholder. Thus, the stockholders of the Holding Corporation have personally raised hundreds of thousands of dollars capital for the use of the Holding Corporation and

have endorsed its notes for half a million dollars. The certificate holder has none of this responsibility and liability, but receives, nevertheless, one-fourth of the net declared profits of the Holding Corporation. The promoters and stockholders cannot realize a dollar of return themselves from their stock holdings without the certificate holders receiving an equal pro rata return.

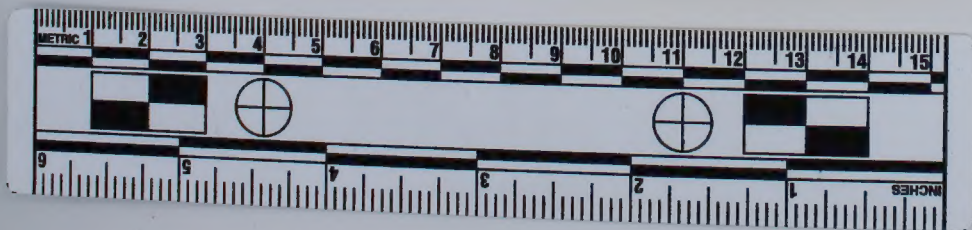
During this month and up to the first of December, one \$300 Second Class Dividend-Sharing Certificate is given as bonus for each \$300 paid in advance in cash on land purchase. A land purchaser who is in arrears on his payments can not by simply making up those arrears become entitled to the certificate bonus, but for every \$300 paid in advance on land, one of the certificates of \$300 par value is given.

We will suppose now that the land purchasers in due time have made their sixty equal monthly payments, thereby repaying to the Holding Corporation, its investment in the lands and improvements, and returning to it a reasonable profit. The Holding Corporation would then have received back its entire investment, and still retain the remaining unsold lands, all public utilities, mineral rights and special concessions such as the only store, bank, canning and preserving works and those particular activities that touch the life of the entire community. These various privileges and utilities, the Holding Corporation may finance and operate itself, or may find it for the best advantage of all to sublease as in the case of the great store, where the Holding Corporation instead of undertaking to operate twenty different merchandising businesses, each of which require special experience and

training which it would have to employ, leased the privileges of the store to the Atascadero Mercantile Company, on condition that a superb building be erected at once and that the Holding Corporation should receive a percentage of the net income. The Mercantile Company in turn, subleased the departments of the store to various responsible and experienced merchants who come here with their experience, their families, and their capital and operate, each, his own department of the store. This was far better, and will undoubtedly return to the Holding Corporation a better net profit than would have been realized had it attempted to operate the store itself, not to speak of the \$100,000 that the Holding Corporation would have had to invest in the store building.

Profits Must Naturally Be Large

Gradually, as the great Colony project is developed in all its vast ramifications, the ultimate position of the Holding Corporation will be that of a sort of public ownership of all public utilities and quasi-utilities, all vacant lands, oil and mineral rights and with its capital investment returned to it. When this has come about, and it is rapidly coming about more rapidly than the development of any community in the world, the profit to the Holding Corporation from all sources should be very great annually, without having placed any burden whatever on the land owners, but on the contrary having financed them through the entire project, and established for them advantages, resources and facilities which would be utterly impossible under any other plan and in any other community. While its profits should ultimately be very great annually, yet it will have se-



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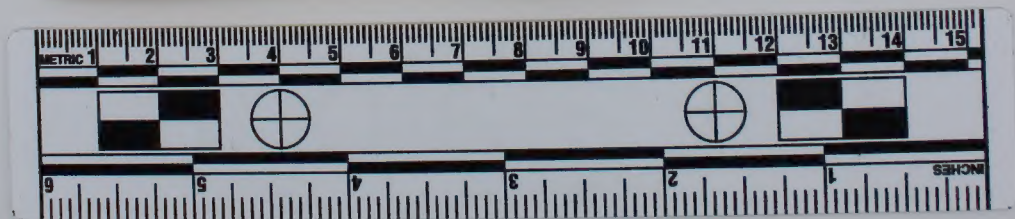
cured those profits by enormous investment, great risk, and unusual services.

Were the present land purchasers, who are paying in sixty equal monthly payments, to all pay up in full at once, the Holding Corporation would have no indebtedness, would not be obliged to issue bonds and could complete the remaining public improvements without borrowing a dollar. It issues its bonds, giving a mortgage on its vast properties, in order to borrow for a term of years the immense sums it requires for the completion of the vast improvements of the Colony. As it receives its payments from the land purchasers, the bonds will be paid off, and then the Holding Corporation will be in a position of extraordinary resource and wealth, with a very great earning power. In all this the certificate holder shares equally.

Certificates are a Valuable Bonus

We will suppose, therefore, that at the end of another two or three years, a first substantial dividend is paid on the certificates. The certificates would then command par or better, while the value of the First Class Certificates, which were purchased for investment and not applied on lands, would be difficult to estimate, as they would receive twice the pro rata of the profits that the second class certificates which are given as bonus for cash payments, receive.

If then, at the end of even three years more, the second class certificates are paying their holders a substantial dividend, and therefor command par and could be readily sold for cash, those who secured them by having paid cash for their lands **WOULD HAVE SECURED THEIR LANDS** with all the improvements **FOR NOTHING**. In other words,



if they then sold their second class certificates, which, however, few will do, since the income from them will probably equal or exceed the income from their orchards, their lands would represent a CLEAR PROFIT, which would be their share of the profit of the Holding Corporation.

Now, the total issue of certificates, including both first and second class, is limited for all time to the original ten thousand certificates. There have been none of either class of certificate available for nearly two years past. Recently, however, when the Holding Corporation made its bond issue, it recovered three thousand of the original certificates which had been pledged with San Francisco capitalists for large cash advances. These three thousand certificates since their recovery, the Holding Corporation has been allotting as bonus to those who purchased bonds, and those who paid in cash for their lands. Any land purchaser who pays in advance for his land, will receive one of these second-class certificates of a par value of \$300 as bonus, for each \$300 paid in cash in advance on his land purchase, so long as any of them remain to be allotted. When the remaining certificates have been allotted, there will never be any more of them. First class certificates are unobtainable except where some holder desires to sell because he requires his funds for some pressing purpose. Occasionally some are offered in this way, just as government bonds are frequently sold by the holders to realize ready money. Such as are offered, are then resold to those who have applications in with the Holding Corporation for first class certificates.

The certificates remaining for allotment will probably last until December, but are being allotted every day in larger

or smaller amounts as land purchasers are paying up in advance in order to secure the benefit of the bonus of these certificates.

Benefits to Those Who Come First

Later land purchasers will be unable to secure certificates, once the remaining ones are allotted, so that in the years to come those who hold the Dividend-Sharing Certificates of the Holding Corporation will be a special class, sharing in all increments in values of the lands, all public and quasi-public utilities, all mineral rights for fifty years to come, in all of which, those who become land purchasers in the Colony after the certificates are gone, will have no share whatever. This is entirely right, since those who come after the heat of the day is over and the great work has been carried to completion in the foundation and construction of the finest community in America, will enjoy the advantages of that community—advantages which would have been utterly impossible otherwise—without having to go through any of the process, anxiety, and effort of the early years of its development; but they will NOT and will not be entitled to share in the income derived therefrom, any more than they would have any share in the profit of the public utilities, increments in land values, etc., of New York City, if they moved there and bought a lot and built a home.

Rome was not built in a day, and the Atascadero Colony is being built with a rapidity and perfection that has no parallel in history. Only a few months ago, these great estates, the equal of which cannot be found in America, were an untrodden wilderness. Today they have already become one of the finest communities in all California with hundreds of beautiful homes, thousands of acres of

fine orchards fast coming to bearing, about seventy miles of fine roads and streets, water mains, public buildings, etc. Another two years, which is but a short space of time, will probably see a population here of from 10,000 to 15,000 with more than a thousand beautiful homes, great industries, and superb public institutions.

Those who now acquire the Dividend-Sharing Certificates will then be a most fortunate class, all to themselves.

New purchasers of lands in the Colony at this time, who pay cash, will also receive the bonus of Dividend-Sharing Certificates, as do also purchasers of the 6% first mortgage bonds of the Colony. The remaining certificates are therefore being very rapidly allotted. Land purchasers making advance payments on account, this month and until December 1st, will secure the bonus of Dividend-Sharing Certificates, equal to the amount of their advance payment.

COLONY HOLDING CORPORATION,
Atascadero, California.



COLONY HOLDING CORPORATION

HEADQUARTERS

ATASCADERO, CALIFORNIA

October 20, 1916.

Dear Friend:

You may or may not have given much thought to just what the relation of those who secure liberal holdings of the Dividend-Sharing Certificates of the Colony Holding Corporation will be to all other property holders in the Colony in a few years from now. The enclosed little leaflet, if you will read it, will perhaps make this more clear in your mind. There may be some who will hold that it is not right that a part of the property owners in this large community, a few years from now, should be a special and privileged class, into which later comers may not be enrolled. That these privileged ones will have rights and advantages and a source of income which they do not have and cannot get.

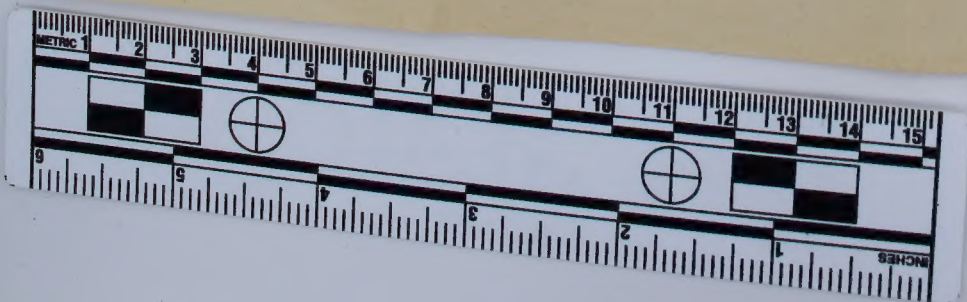
My own position on this is that those who came in during the earlier days, and by their foresight, courage, effort and investment, made possible the advantages of this Colony, greater advantages than would be possible in any other community, have a right to a special place in the sun, and are entitled to privileges and resources, which those who came later, after the work had been done, the dream made a reality, all risk reduced to an accomplished fact, are not entitled to.

We sought and found the most beautiful and desirable property in California, which means in America. When we found it, it was a wilderness. By immense labor and investment, in the face of every obstacle and discouragement we have converted it into a highly organized community, with tens of miles of streets and roads, superb buildings, thousands of acres of orchards fast coming to bearing, hundreds of beautiful homes, and back of it all an organization which means the successful marketing of the product of those orchards and the providing here the finest place to live in America.

The Dividend-Sharing Certificates have for their object the assurance that those who HELPED and are helping to accomplish these things SHALL have special advantages and privileges in all the years to come, in exact proportion to the help they gave.

Those who take the sixty equal monthly payment plan, for the purchase of their lands and homes here, are in fact financed and carried for over four years on credit, since those back of the Holding Corporation and those who pay cash for their lands, provide the money to make the improvements and extend this five years credit to those who require it. Therefore those paying on monthly payments do not get the certificates of profit sharing interest in the Holding Corporation, but every purchaser who pays IN ADVANCE as much as \$300 on his land, receives one second class Dividend-Sharing Certificate as bonus for each \$300 paid in cash, and will share in the profit of the Holding Corporation for fifty years to come, as the result. By paying in advance they not only help us to finance their own land and its improvements, but they also, to a degree, help us to finance those who cannot make advance payments, therefore they transfer themselves to the capitalist side of the enterprise.

The certificates now remaining are the last that will ever be available for allotment, and each day many of them are being allotted to those who realizing their importance, are making special effort to secure as many additional certificates as they can. Personally, I expect to see these certificates return to those who hold them as much or more than their lands, in due time. The point that I would call to your attention in particular is that if you desire to secure additional holdings of these



certificates, now is the last opportunity that you will EVER have, and you would not have it now were it not that these certificates were recovered through the bond issue from the capitalists who held them for heavy advances to us.

My advise to you is that you make every effort you can to make as large a payment as possible on your account during this month and November, so as to secure the bonus of these certificates. In the years to come, you will be thankful for this advice if you take it.

I am writing you this letter because this great project has passed through its earlier and critical stages and has now entered on the stage where everyone who knows anything at all about the facts, knows that it has become one of the greatest projects in this wonderful state. It is no longer a "dream" or something that is "going to be done" but an ACCOMPLISHED FACT. Doubters and critics can no longer dispute the evidence of hundreds of beautiful homes, great buildings, tens of miles of streets, roads and water mains and thousands of acres of the finest orchards in the state, which are already here.

You know how people are. Few have the courage to take hold and help to CREATE, but when the thing is done, all want to get in and ride with it. It has been a long hard pull, but in reality this great undertaking has been accomplished in a marvelously short space of time, and during a period when few large projects were able to even hold their own. Now the strong current of public acceptance of the established thing has set in. Beautiful homes are springing up by the score. The land sales are heavier than for years past, and so rapid is the construction and the building up of industry, that it is impossible to find enough residents able and competent, who are willing to work, to do the work to be done, in spite of the fact that new families arrive daily to make their homes in the Colony.

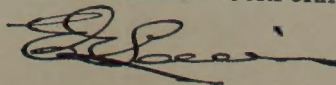
When the Bartlett pear trees ALREADY planted come to full bearing, and that will not be long, it will require fully 1,600 freight cars to transport their product each season, and this is not taking account of all other plantings. When the orchards already planted are in full bearing it will require from fifteen hundred to two thousand people, employed to handle their product in all its ramifications. This would mean a population of from ten to fifteen thousand people, and yet we are about to double the present plantings. It is difficult for one not fully in touch with this wonderful undertaking to grasp its magnitude, and what the income and profit of the Holding Corporation should be in the years that are fast coming. There will be no Profit-Sharing Certificates to be had THEN. When the certificates now available are allotted there will never again be any to be had.

I would not feel that I had done my full duty did I not once more call these facts to your attention so that in the years that will soon be the present you may not reproach me with having had full knowledge of them and not having made you fully appreciate their meaning.

I would suggest therefore that you make the greatest effort you can, even at considerable sacrifice, to make, during this month and November, the heaviest payment possible, thereby securing an allotment of these remaining certificates for cash payment, the last that will ever be obtainable. It is for your own sake that I suggest this, since the Holding Corporation is financing its requirements through the bond issue, and you, not the Holding Corporation, will be the gainer by making advance payments.

Sincerely,

COLONY HOLDING CORPORATION,



President.

